

AIRPORT (10)

AGENCY PLAN: STATEMENT OF PURPOSE, GOALS AND BUDGET SUMMARY

STATEMENT OF PURPOSE:

The Airport Department makes City Airport a premier facility serving a regional air carrier and corporate and cargo aircraft and in doing so is a cornerstone of economic development in the City of Detroit.

AGENCY GOALS:

1. Enhance the Airport as a premier gateway to Metropolitan Detroit.
2. Reach and maintain self-sufficiency by improving our cost recapture ratio.
3. Promote air trade development.
4. Develop and train the aviation team to exceed our public's desire for service excellence.
5. Increase local youth exposure to the aviation industry and potential career opportunities.

AGENCY FINANCIAL SUMMARY:

2005-06 <u>Requested</u>		2004-05 <u>Budget</u>	2005-06 <u>Recommended</u>	Increase <u>(Decrease)</u>
\$ 3,124,968	Operating Appropriations	\$ 3,663,466	\$ 1,087,327	(2,576,139)
26,100,000	Capital Appropriations	2,000,000	-	(2,000,000)
\$ 29,224,968	Total Appropriations	\$ 5,663,466	\$ 1,087,327	(4,576,139)
\$ 1,161,050	Departmental Revenues	\$ 1,095,064	\$ 1,087,327	(7,737)
26,100,000	Capital Revenues	2,000,000	-	(2,000,000)
1,963,918	General Fund Support	2,568,402	-	(2,568,402)
\$ 29,224,968	Total Revenues	\$ 5,663,466	\$ 1,087,327	\$ (4,576,139)
\$ -	NET TAX COST:	\$ -	\$ -	\$ -

AGENCY EMPLOYEE STATISTICS:

2005-06 <u>Requested</u>		2004-05 <u>Budget</u>	04-01-05 <u>Actual</u>	2005-06 <u>Recommended</u>	Increase <u>(Decrease)</u>
22	City Positions	23	22	5	(18)
22	Total Positions	23	22	5	(18)

ACTIVITIES IN THIS AGENCY:

	2004-05 <u>Budget</u>	2005-06 <u>Recommended</u>	Increase <u>(Decrease)</u>
Airport Operations	\$ 5,663,466	\$ 1,087,327	\$ (4,576,139)
Total Appropriations	\$ 5,663,466	\$ 1,087,327	\$ (4,576,139)

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AIRPORT OPERATIONS ACTIVITY INFORMATION

ACTIVITY DESCRIPTION: AIRPORT OPERATIONS

The Airport Department operates Detroit City Airport, which encompasses approximately 300 acres of land, bounded by Gratiot and Grinnell on the south, Conner on the east, French Road on the west and Mt. Olivet Cemetery on the north. There are two runways: the east/west runway (7/25) is 4,025 feet by 100 feet wide and the north/south runway (15/33) is 5,090 feet by 100 feet wide.

The major facilities within the Airport boundaries are: the Air Carrier Terminal, Executive Terminal including 14 large hangar bays, Triturator, ramp equipment storage building, Fire Station - #20, 129 T-Hangars (96 small, 23 medium and 10 large) and 1,000 automobile parking spaces.

GOALS

1. Enhance the Airport as a premier gateway to Metropolitan Detroit.
2. Reach and maintain self-sufficiency by improving our cost recapture ratio.
3. Promote air trade development.
4. Develop and train the aviation team to exceed our public's desire for service excellence.
5. Increase local youth exposure to the aviation industry and potential career opportunities.

MAJOR INITIATIVES FOR FY 2004-05 and FY 2005-06:

In 2004-05 more than 1,000 youth received their first airplane ride, free of charge thanks to the Young Eagle program. The Airport Department began to participate in CitiTrak, a management accountability process led by the Chief Operating Officer.

In FY 2005-06, the City is taking a practical approach to eliminate the dependence of the Airport Department on scarce General Fund resources. The department will procure an F.B.O./leasing agent that will transform leverage operational and capital improvements and make the Airport self-sufficient.

The department can realize substantial savings and improve operations under fee for service agreements. This model ensures that the department breaks even annually.

This entails:

- Hire a F.B.O./leasing agent to handle both the sale of aviation fuel as well as the leasing and maintenance of Airport building and hangars.
- Reengineer the department from the current 23-person, Administration/Operations/Maintenance structure to a 5-person Project Management structure with a Department Head, Project Manager, (2) Project Coordinators, and a clerical support person, working in partnership with the agent.
- Redefine building maintenance, snow and ice removal, and grass cutting.
- Put functions into a single operation with cross-trained, multi-tasking staff to increase responsiveness and decreased slack time.
- Retain responsibility for airfield and management.
- Service debt and bonds through leasing agent proceeds and make it easier for the Airport in the long run to fund new capital developments such as land acquisition, runway expansion, and hangar construction.

PLANNING FOR THE FUTURE FOR FY 2005-06, FY 2006-07 and BEYOND

The Airport Department's dynamic and ambitious vision for the future is to establish the Coleman A. Young International Airport as an anchor for economic development, job creation, and improvements for the surrounding community. The vision includes modernized facilities, improved customer service, revamped business practices, and continued staff development programs. Restoring and maintaining airline service is the key to maximizing the potential impact of the Coleman A. Young International Airport on Detroit, and transforming facility operations is key to leveraging operation and capital improvements and stabilizing funding.

To achieve that vision, the department's goals are to build a longer runway to secure low cost airline service, to

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rehabilitate the executive terminal for use as a conference center, office space, and museum, to develop the Airport portion of Conner Creek Greenway to connect the Detroit River to Eight Mile Road with a greenbelt composed of bike and walking paths with scenic and historic stops along the way, and to acquire land along French Road to meet FAA design standards. Additional economic development options are under consideration.

The Airport Department must overcome a number of challenges in order to make its vision a reality.

1. Restoring Airline Service -

Most aircraft in airline fleets require runways longer than the 5,090-foot runway at the Coleman A. Young International Airport. Returning airline service to the Airport is a large challenge. The Airport continues to contact and visit established and new airlines to restore service. Until funding and other issues related to the building of a longer runway are finalized, McNichols Road has to remain closed. Reopening McNichols Road prior to the construction of a new runway would eliminate any opportunity for new airline service. The corporation and corporate services using the facility would be eliminated if not severely restricted as well. Beyond the expansion of the runway, securing new airline service at the airport is a long process. It takes 2 to 3 years from initial contact to new service initiation because of the economics and risks involved. However, the Airport Department has an active recruiting program and has enhanced it with performance-based incentives.

2. French Road Land Acquisition Project -

The main challenge the department faces with the French Road Land Acquisition Project is a lack of funding. While some progress has been made, no firm completion date can be given. The department is working with the Federal Aviation Administration (FAA) and the City of Detroit Budget Department to identify a consistent funding source in order to complete the project.

3. Economic Output -

Overall, the greatest challenge the Airport faces is the lack of understanding and appreciation of the true value and impact of the Coleman A. Young International Airport. For instance, with 149 full time positions with a payroll of \$8.8 million, economic output produced by the Airport and its tenants exceeds \$18 million per year. Induced and indirect secondary impacts from those sources bring the total estimated annual benefits generated by the Airport to 325 full-time jobs and \$64 million in economic output.

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AIRPORT OPERATIONS MEASURES AND TARGETS

Type of Performance Measure:	2002-03	2003-04	2004-05	2005-06
List of Measures	Actual	Actual	Projection	Target
Inputs: Resources Allocated or Service Demands Made				
Capital Investment	2,632,076	N/A	N/A	N/A
Outputs: Units of Activity directed toward Goals				
Corporate/Charter Passengers	52,018	52,083	52,145	52,145
Average monthly airline emplanements	N/A	3,274	3,457	3,457
Average monthly tons of air cargo	N/A	49	69.7	69.7
Outcomes: Results or Impacts of Program Activities				
Budgeted city subsidy	2,530,701	2,789,179	2,568,402	0
Activity Costs	N/A	\$3,879,837	\$5,663,466	\$1,087,327

CITY OF DETROIT
Airport Department
Financial Detail by Appropriation and Organization

Administration Airport Operations	2004-05 Redbook		2005-06 Dept Final Request		2005-06 Mayor's Budget Rec	
	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT
<i>APPROPRIATION ORGANIZATION</i>						
00223 - Airport Operations						
100010 - Administration	6	\$1,206,232	6	\$1,129,925	3	\$640,376
100020 - Maintenance	10	\$1,509,634	9	\$1,365,297	0	\$282,262
100030 - Operations	7	\$947,600	7	\$629,746	2	\$164,689
APPROPRIATION TOTAL	23	\$3,663,466	22	\$3,124,968	5	\$1,087,327
10280 - Airport GO Bonds						
100248 - Mini-Take Land Acquisition GO - 04/C	0	\$500,000	0	\$0	0	\$0
100249 - Minitake Land Acquisition - GO 05/06	0	\$0	0	\$20,000,000	0	\$0
APPROPRIATION TOTAL	0	\$500,000	0	\$20,000,000	0	\$0
10589 - Airport Projects - GO Bonds						
100209 - T-Hangar Exterior Painting - GO - 04/	0	\$150,000	0	\$0	0	\$0
100290 - Executive Terminal Rehabilitation - G	0	\$1,350,000	0	\$0	0	\$0
100291 - Executive Terminal/Hangar Rehabilit.	0	\$0	0	\$4,800,000	0	\$0
100292 - Taxistreet Construction GO - 05/06	0	\$0	0	\$1,000,000	0	\$0
100293 - Upgrade Main Passenger Terminal E	0	\$0	0	\$300,000	0	\$0
APPROPRIATION TOTAL	0	\$1,500,000	0	\$6,100,000	0	\$0
ACTIVITY TOTAL	23	\$5,663,466	22	\$29,224,968	5	\$1,087,327

CITY OF DETROIT
Budget Development for FY 2005-2006
Appropriations - Summary Objects

	2004-05 Redbook	2005-06 Dept Final Request	2005-06 Mayor's Budget Rec
AC0510 - Airport Operations			
<i>A10000 - Airport Department</i>			
SALWAGESL - Salary & Wages	1,057,575	973,538	270,586
EMPBENESL - Employee Benefi	735,166	692,529	161,786
PROFSVCSL - Professional/Cont	413,912	87,951	10,000
OPERSUPSL - Operating Supplie	220,960	199,950	90,220
OPERSVCSL - Operating Service	1,128,053	1,088,400	388,841
CAPEQUPSL - Capital Equipmen	525,400	20,005,000	0
CAPOUTLSL - Capital Outlays/M:	1,515,000	20,000	20,000
OTHEXPSSL - Other Expenses	67,400	6,157,600	60,615
FIXEDCHGSL - Fixed Charges	0	0	85,279
<i>A10000 - Airport Department</i>	<i>5,663,466</i>	<i>29,224,968</i>	<i>1,087,327</i>
AC0510 - Airport Operations	5,663,466	29,224,968	1,087,327
Grand Total	5,663,466	29,224,968	1,087,327

CITY OF DETROIT
Budget Development for FY 2005-2006
Appropriation Summary - Revenues

	2003-04 Actuals	2004-05 Redbook	2005-06 Dept Final Request	2005-06 Mayor's Budget Rec	Variance
A10000 - Airport Department					
<i>00223 - Airport Operations</i>					
442100 - Electrical	9,885	12,500	12,500	0	(12,500)
447305 - Sales-Salv, Confis, Supl	0	0	0	7,500	7,500
447320 - Articles Bought For Res	83	0	0	0	0
447505 - Telephone And Telegran	260	0	0	0	0
447555 - Other Reimbursements	0	0	0	516,976	516,976
447585 - Other Reimbursements-	3,625	0	0	0	0
448115 - Other Fees	200	0	0	0	0
448120 - Other Fees - Landing Fe	71,677	105,000	110,000	110,000	5,000
448140 - Passenger Enplanemen	68,062	0	0	0	0
462100 - Rental-Public Bldgs & S	100,085	108,756	143,256	0	(108,756)
462200 - Rental - Airport	23,213	0	0	0	0
462210 - Rental - Bays	170,408	294,370	351,021	88,000	(206,370)
462215 - Rental - Police Hangar	37,967	38,354	38,354	0	(38,354)
462220 - Rental - T-Hangars	257,494	288,995	262,723	0	(288,995)
462225 - Rental - Tiedowns	1,136	5,000	3,000	3,000	(2,000)
462230 - Rental - Misc. Property	128,434	138,848	136,848	273,696	134,848
463210 - Other Conc - F.B.O. Flo	53,656	88,000	88,000	9,100	(78,900)
463215 - Other Conc - F.B.O. Mi	41,112	4,241	4,348	68,055	63,814
463225 - Other Conc - Car Rental	3,578	6,000	6,000	6,000	0
463240 - Other Conc - F.B.O. Co	8,702	0	0	0	0
463255 - Other Conc - Catering F	371	0	0	0	0
474100 - Miscellaneous Receipts	7,265	5,000	5,000	5,000	0
540105 - General Fund Contributi	2,789,179	2,568,402	1,963,918	0	(2,568,402)
<i>00223 - Airport Operations</i>	<i>3,776,392</i>	<i>3,663,466</i>	<i>3,124,968</i>	<i>1,087,327</i>	<i>(2,576,139)</i>
<i>04185 - Improvements</i>					
432360 - Grants-Other-State(Fed	299,161	0	0	0	0
<i>04185 - Improvements</i>	<i>299,161</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
<i>10088 - Capital Reinvestment</i>					
522100 - Sale Of Bonds	5,000	0	0	0	0
<i>10088 - Capital Reinvestment</i>	<i>5,000</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
<i>10280 - Airport GO Bonds</i>					
522100 - Sale Of Bonds	500,000	500,000	20,000,000	0	(500,000)
<i>10280 - Airport GO Bonds</i>	<i>500,000</i>	<i>500,000</i>	<i>20,000,000</i>	<i>0</i>	<i>(500,000)</i>
<i>10335 - Passenger Facility Charge</i>					
448141 - Passenger Facility Char	87	0	0	0	0
<i>10335 - Passenger Facility Charge</i>	<i>87</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
<i>10589 - Airport Projects - GO Bonds</i>					

CITY OF DETROIT
Budget Development for FY 2005-2006
Appropriation Summary - Revenues

	2003-04 Actuals	2004-05 Redbook	2005-06 Dept Final Request	2005-06 Mayor's Budget Rec	Variance
A10000 - Airport Department					
<i>10589 - Airport Projects - GO Bonds</i>					
522100 - Sale Of Bonds	0	1,500,000	6,100,000	0	(1,500,000)
<i>10589 - Airport Projects - GO Bonds</i>	0	1,500,000	6,100,000	0	(1,500,000)
A10000 - Airport Department	4,580,640	5,663,466	29,224,968	1,087,327	(4,576,139)
Grand Total	4,580,640	5,663,466	29,224,968	1,087,327	(4,576,139)

CITY OF DETROIT
MAYOR'S 2005/2006 RECOMMENDED BUDGET

Airport Department

Appropriation	REDBOOK FY 2004	DEPT REQUEST	MAYORS FY 2005
Organization	2005 FTE	FY 2005 2006 FTE	2006 FTE
Classification			
00223 - Airport Operations			
100010 - Administration			
Airport Director	1	1	1
Manager II - Airport	1	1	0
Principal Governmental Analyst	1	1	0
Principal Accountant	1	1	1
Executive Secretary II	1	1	0
Administrative Specialist I	1	0	0
Principal Clerk - Exempted	0	1	1
Total Administration	6	6	3
100020 - Maintenance			
Airport Service Foreman	1	1	0
Bldg Oper Sprv - Grade II	1	0	0
Airport Service Worker	6	6	0
Bldg Trades Worker-Gen	2	2	0
Total Maintenance	10	9	0
100030 - Operations			
Asst Airport Operations Mgr	2	2	2
Airport Operations Assistant	5	5	0
Total Operations	7	7	2
Total Airport Operations	23	22	5
Agency Total	23	22	5